



**MINUTES
CITY COUNCIL REGULAR MEETING
April 20, 2021**

CALL TO ORDER

The meeting was called to order at 6:30 pm.

Due to the COVID-19 health pandemic, the Long Lake City Council attended the meeting telephonically pursuant to Minn. Stat. 13D.021.

Present: Mayor Pro-Tempore: Jahn Dyvik; Council: Mike Feldmann, Gina Joyce, and Deirdre Kvale

Staff Present: City Administrator: Scott Weske; City Engineer: Alex Mollenkamp; Planning Consultant: Hannah Rybak; City Attorney: John Thames; Fire Chief: James Van Eyll; and City Clerk: Jeanette Moeller

Absent: Mayor: Charlie Miner (with prior notice)

PLEDGE OF ALLEGIANCE

MAYOR'S COMMENTS – LONG LAKE NEWS, MEETING REVIEW AND UPDATES

Mayor Pro-Tempore Dyvik reported that the EDA had Metrolink prior to the regular Council meeting and approved an amended Development Agreement for The Borough, LLC, which is the redevelopment project near City Hall on Virginia Avenue. The EDA also approved establishing the TIF district, the interfund loan, and the TIF agreement for the same project. Further, there was an updated application for EDA review submitted by Spell Capital Partners for a proposed project at the former BP site. He stated that the proposal still needs more tweaking and will need to address some parking issues. The EDA had voted to approve moving into a period of exclusivity of negotiation with them over the next 90 days.

APPROVE AGENDA

A motion was made by Feldmann, seconded by Joyce, to approve the agenda as presented. Ayes: all by roll call.

CONSENT AGENDA

- A. Approve Minutes of April 6, 2021 City Council Work Session
- B. Approve Minutes of April 6, 2021 City Council Meeting
- C. Approve Vendor Claims and Payroll
- D. Rescind the Conditional Appointment of Candidate Emily Quintinskie to the Position of Paid On-Call Firefighter for the City of Long Lake Fire Department
- E. Rescind Conditional Appointment of Candidate Scott Jarmus to the Position of Paid On-Call Firefighter for the City of Long Lake Fire Department
- F. Adopt Resolution No. 2021-19 Accepting a Donation to the Long Lake Fire Department of a \$100.00 Gift Card From Harbor Freight to Purchase Tools

A motion was made by Feldmann, seconded by Joyce, to approve the Consent Agenda, as presented.

Council member Joyce sought further background information regarding the rescinding of the conditional appointments under Consent Agenda items D and E.

Fire Chief Van Eyll explained that the City had extended two conditional job offers to these individuals for firefighter positions. Ms. Quintinskie had to move out of her rental housing and is no longer in the area at this time. She is trying to find a way to move back to the area, but for now, she would be unable to fulfill her obligations to the Fire Department. Mr. Jarmus lost his employment in January and needed to put things on hold with the Fire Department until he had obtained full-time employment.

Council member Joyce asked if the City would still need to fill those two spots.

Van Eyll replied that the City is always trying to hire paid on-call firefighters and noted that Station 1 is not in as dire of need as Station 2. He added that there will be a new hiring sign placed by Station 2 which should generate some interest.

Ayes: all by roll call.

OPEN CORRESPONDENCE

City Clerk Moeller noted that she had received an e-mail from a resident with questions about the TIF district. She stated that she had offered to read the individual's comments into the record, but the resident stated that they had the meeting link and indicated they would attend the meeting and may ask their questions themselves. She added that staff was able to answer questions and send them packets of information for their review and noted that she had not heard anything else from the resident.

BUSINESS ITEMS

Approval of 2040 Comprehensive Plan and Plan Amendments

Planning Consultant Rybak provided an overview of the 2040 Comprehensive Plan amendments. She stated that the Planning Commission held a public hearing on the amendments at their meeting on April 13, 2021 and had recommended approval.

Council member Kvale recalled that on March 2, 2021 the Council made a motion that a particular parcel on Dexter Avenue should be guided for medium density, and asked why that change had not been made to the future land use map.

Rybak indicated that the intent was to make that change and suggested that she may have attached the wrong map to her presentation. She stated that she remembers sending the correction to the GIS group the day after the Council meeting and will ensure that the correct map is included in the final submission.

Council member Kvale asked for a copy of the corrected map to be sent to her.

Rybak reviewed the future redevelopment map and future land use changes.

A motion was made by Feldmann, seconded by Joyce, to adopt Resolution No. 2021-06 approving the Long Lake 2040 Comprehensive Plan, as it was submitted to the Metropolitan Council and to adopt Resolution No. 2021-15 approving the amendments to the Long Lake 2040 Comprehensive Plan, and direct staff to work with the Metropolitan Council on acceptance of the amendments.

Ayes: all by roll call.

Mayor Pro-Tempore Dyvik reminded Rybak to verify that she includes the correct future land use map when the 2040 Comprehensive Plan is submitted to the Metropolitan Council.

Planning Case #2021-02/Request for a Preliminary and Final Plat for The Borough Apartment Project to be Located at 455-545 Virginia Avenue and 2045 Wayzata Boulevard W (Applicant: Ben Landhauser, Lifestyle Communities, Replat of Previously Approved Preliminary and Final Plat)

Rybak explained that the applicant has submitted an application for a replat of the previously approved plat for The Borough project. She reminded the Council that the original PUD Master Development Plan and Preliminary Plat were approved in September 2020 and the Final Plat was approved in December of 2020. Lifestyle Communities has been working with Ehlers & Associates on the creation of a TIF district and found that it was necessary that the plat contain a separate parcel in the approximate size and location as the existing City-owned parcel. She clarified that this change would not have any impact on the physical development of the site and is simply drawing a new property line for the purposes of the TIF district. She reviewed the existing conditions of the subject properties and the newly outlined Lot 3.

City Engineer Mollenkamp noted that there is not an engineering update related to the amended plat because the requirements are the same as what was included from her December 16, 2020 memo.

Rybak reported that the Planning Commission recommended approval subject to the three original conditions from the previous approval and the addition of a fourth condition to state that this plat is intended to replace the one approved on December 29, 2020, and that the previously approved plat cannot be recorded.

Council member Feldmann questioned what constraints exist that would stop the developer from switching this plan to, for example, 80 units, without Council approval.

Rybak confirmed that the previously approved Master Development Plan remains in effect so the developer is held to what the Council approved as far as physical development on the site.

For additional background for newer Council members, Moeller mentioned that the Master Development Plan is a unique feature of a PUD which is what gives the Council the assurance that the approved development plan is executed to fruition.

A motion was made by Dyvik, seconded by Feldmann, to adopt Resolution No. 2021-16 approving the request for a Preliminary and Final Plat for The Borough apartment project to be located at 455-545 Virginia Avenue and 2045 Wayzata Boulevard W, subject to conditions #1-4 as set forth in the resolution. Ayes: all by roll call.

Approval of Amended Site Development Agreement with The Borough, LLC

City Attorney Thames noted that the proposed amended Site Development Agreement with The Borough, LLC had been approved by the EDA earlier in the evening prior to the Council meeting. He pointed out that in the agreement there were several references to there being two parcels which had needed to be changed to state that there are three parcels. He highlighted the addition of paragraph #51, which was added at the request of the Council to make sure it is abundantly clear that there would be a reconveyance of any vacated right-of-way in the event the project does not go forward.

A motion was made by Joyce, seconded by Feldmann, to approve the amended Site Development Agreement with The Borough, LLC, Approval of TIF Agreement (The Borough), and authorize executive by the Mayor and City Administrator. Ayes: all by roll call.

Public Hearing: Approval of Establishing Redevelopment Tax Increment Financing (TIF) District 1-9 (The Borough), Approval of TIF Agreement (The Borough)

Stacie Kvilvang, Ehlers & Associates, gave an overview of the proposed establishment of the redevelopment TIF district that would be comprised of 10 parcels on the west side of Virginia Avenue. She indicated a redevelopment TIF District means that the City can collect tax increment for 25 years after the receipt of the first increment, so for a total of 26 years. They anticipate that the first tax increment will be generated in 2023 which means it would decertify on December 31, 2048 or when the TIF note is satisfied. She noted that as covered in the EDA meeting, they are anticipating that it will expire after 13 years and the TIF would be decertified as of December 31, 2035. She reviewed the findings for creation of the TIF district and noted that at least 70% of the district needs to be covered by buildings, parking lots, streets, utilities, sidewalks, etc. There is also a blight test and more than 50% of the buildings have to be considered substandard. She stated that both findings were achieved for this TIF district. She recalled that Council member Kvale had previously asked questions about the physical reports that were located at the end of the TIF plan. She mentioned she had read them in more detail and confirmed information with the inspector to respond to her questions surrounding the cost differential. She explained that they utilize something called the RS means, which is the industry standard for doing estimates for building construction costs, and reviewed some of the items that are plugged into this formula. She stated that the tax increment budget is a maximum budget which means they take the development and apply an inflation factor. The City will retain 10% of the tax increment that is generated on an annual basis from this project which is estimated at approximately \$10,600/year.

Mayor Pro-Tempore Dyvik opened the public hearing at 7:05 pm.

Council member Feldmann thanked Ms. Kvilvang for working with him over the past few months as he gained understanding of the information. He noted that many of his questions have already been answered, but he thought it may be a good idea to ask them publicly to assist others. He stated that at the EDA meeting it was reported that there is a timeline on the construction project. He inquired about concerns for the potential of warehousing this property and if it was a legitimate concern for the City.

Ms. Kvilvang responded that she would say no, in the context that there is a separate agreement as the EDA and the City. The developer has a date at which they have to begin construction. If they do not meet that they would be in default of the agreement and would not receive the assistance unless they came back and requested an extension.

Council member Joyce asked if the date had been moved from June to August of 2021.

Ms. Kvilvang responded that the date was moved from June 30, 2021 to August 15, 2021.

Council member Joyce questioned whether the completion date also shifted.

Ms. Kvilvang stated that the completion date remains the same.

Council member Kvale stated that she remains concerned about the findings and gave the example of Property D, noting that she did not see how any plumbing allocation was included in the figures. She commented that there are also no smoke detectors listed so it seems to her that it is not satisfying the requirement of a finding because these properties are on the border of being blighted or derelict. She expressed concern that these findings would hold up in court and reiterated that she has serious questions about the fact finding.

Ms. Kvilvang asserted that the fact finding is accurate and once again reviewed the standardized measures and way the information is factored into the formula because there is an assumption that

the plumbing will need to be run from fixtures through the house, similar to electrical. She reiterated that this is a standard measurement and programming that architects, contractors, and engineers use and is not subjective.

Council member Kvale asked why there was a difference in just the cost of a water heater.

Ms. Kvilvang replied that it is based on the input and may be because of the type of construction or a larger house because it assumes there are more bedrooms with regard to the square footage.

Council member Kvale stressed that the water heater has the same capacity.

Mayor Pro-Tempore Dyvik added that he assumes it is a formula based on square footage which would give a different value for a water heater.

Council member Kvale noted that it is only one water heater that has a different cost even though all of the homes have different square footage.

Mayor Pro-Tempore Dyvik added that he would assume there is something else different about that house which caused the pricing to be different.

Council member Kvale stated that for her, it would be helpful to have the inspector come in and explain this information and noted that she lacks confidence in the findings.

Council member Feldmann inquired whether Council member Kvale's concern was over a lawsuit if the findings are not correct.

Council member Kvale responded that the Council has to make a decision based on findings and there could be a lawsuit if the findings are not correct. She asked if City Attorney Thames could weigh in on this discussion.

City Attorney Thames commented that he believed the process used by Ms. Kvilvang and her team has been vetted and has been used repeatedly over a number of different communities. He stated that it does make certain generalizations and has certain inputs that go into a formula that are not exactly specific to individual properties most likely using ranges, which may explain why there are slight differences in things like water heaters. He reiterated that the formula and the process that they use for all of these types of analyses give a general picture of the status of the property.

Council member Feldmann asked about past projects that did not require TIF that the Council chose not to pursue. He questioned what position that would put the City in now as decisions are made that this project does require TIF.

Ms. Kvilvang replied that essentially when they look at that portion of the 'but for' test, what they are stating is whether a similar type of development could be built without the public assistance that is being provided, and the answer to that question is no. She recalled that in this situation, the property has been sitting there and the City has been looking to redevelop it for the last 20 years. There have been various projects that have come forward and to her knowledge all of them had requested TIF but were not approved for various reasons.

Council member Feldmann stated that his understanding is that there were some projects that came forward that did not require TIF but did not make it to the final stage. He asked if that played into the 'but for' test.

Ms. Kviltvang responded that it is a factor that can be considered, but it is not really a factor. She reiterated that she has been working with the City for 20 years and can probably count five or six developments that came forward that all requested TIF. She noted that she was uncertain about the projects Council member Feldmann referenced that did not ask for TIF because they were never raised to the level of review from Ehlers & Associates.

Moeller explained that some of the proposals that came forward that were proposing to be entirely privately funded did not actually involve acquisition of the full neighborhood but instead were focused solely on the City owned lot. She stated that they were not taking on the same scope as a project like this is and observed that TIF had been part of the discussion for a very long time.

There being no additional public comment, Mayor Pro-Tempore closed the public hearing at 7:17 pm.

Ms. Kviltvang stated that also before the Council tonight is a TIF Development Agreement between the City, the EDA, and The Borough, LLC. She reported that the main elements of the TIF agreement are that there are costs associated with creating the district, negotiating it, and having it brought before the Council. The developer has deposited \$15,000 with the City and they are responsible for paying 100% of those costs going forward. They are constructing a 62-unit townhome rental project and reiterated that construction must begin by August 15, 2021 and be completed by December 31, 2022. This will require them to enter into a minimum assessment agreement for a value of \$13,330,000 and explained that the City will provide a pay-as-you-go note in the amount of \$974,000 paid over a 13-year term with 90% of the increment paid at a 3.5% interest rate. She reviewed what is meant by pay-as-you-go and highlighted details from the agreement.

Council member Kvale asked if the City Council would see what would be included in the exhibits.

Ms. Kviltvang responded that typically the exhibits are not finalized until the end but noted that staff is happy to send a final copy to the Council to show what was signed.

Mayor Pro-Tempore Dyvik inquired whether it would change anything if Lot 2 is sold and they put up another building.

Ms. Kviltvang replied that it would not change anything. She clarified that her understanding is that if they were to build on Lot 2 it would be an additional eight units, and all the taxes generated off of that will go directly to the City.

Mayor Pro-Tempore Dyvik confirmed with Ms. Kviltvang that the City will receive full revenue from the units on the east side of Virginia Avenue. He noted that it will be interesting to see what revenue this would mean for the City.

City Administrator Weske indicated he believes it may be approximately \$18,000 for City money coming in for the 16 units on the east side as well as 10% of the overall capture, plus the base from the current standard that is there now. He stated that the total will be very close to \$25,000.

A motion was made by Dyvik, seconded by Joyce, to adopt Resolution 2021-18 making a modification to the redevelopment plan for Redevelopment Project Area #1 and establishing Tax Increment Financing District 1-9, The Borough, within Redevelopment Project Area #1 and approving the Tax Increment Financing plan therefore. Roll Call Vote: Ayes – Joyce, Feldmann, Dyvik. Nay – Kvale. Motion carried.

Council member Kvale noted that she would like to speak with the person who completed the report in order to verify the accuracy of the numbers.

Accept Resignation of Public Works Employee Don Gaspar

Weske reported that Donald "Bean" Gaspar was appointed as Public Works Helper for the City in 1975 which means he has worked for the City for over 45 years. Mr. Gaspar has submitted his resignation for formal acceptance and his last day of employment will be April 30, 2021. He stated that "Bean's" voice, personality and years of accumulated knowledge will be deeply missed by all.

Moeller added that the City will be presenting a Community Service Award plaque to "Bean" in appreciation of his dedication and commitment to the City. She stated that there will also be a public/open house type gathering in his honor on Thursday, April 29.

A motion was made by Feldmann, seconded by Joyce, to accept the resignation of Public Works Employee Don Gaspar. Ayes: all by roll call.

OTHER BUSINESS

City Clerk Updates - Moeller advised that the City received notification that the summer beach testing will begin the week of May 24, 2021. She mentioned that she had also received an application for the vacant Park Board position and explained that since only one application was received, the appointment will be part of the Consent Agenda for the May 4, 2021 City Council meeting. She reported that the applicant is Anthony David, whose active interest and background may be a good fit for the Park Board.

Symes Street Properties - Mayor Pro-Tempore Dyvik inquired whether there had been any further interest in the Symes Street properties. Moeller responded that there been a few conversations with an interested party but their concept is not at a place for an open dialogue just yet.

Fire Department Updates - Fire Chief Van Eyll reported that the Long Lake Fire Department took possession of their new SCBA air packs and noted that they should go into service around June 1, 2021. Mayor Pro-Tempore Dyvik asked whether the fire district meetings were continuing. Van Eyll confirmed that the future fire service planning with surrounding cities is continuing. Council member Kvale noted that the City had received an official letter from Orono. Mayor Pro-Tempore Dyvik confirmed that this was public information. Van Eyll confirmed that Orono's action was on their Council's consent agenda, so it is public. Mayor Pro-Tempore Dyvik explained that the City received a letter from Orono stating their intent to discontinue the fire service contract in December of 2025. Moeller complimented Mayor Miner for mentioning this information in a very tactful way in his newsletter article.

Council Chambers Window Replacement - Council member Joyce asked about the status of obtaining bids for the Council Chambers window replacement at City Hall. Weske replied that they are getting close and believes staff is currently verifying the dollar amount of the quote.

Hanging Flower Baskets - Mayor Pro-Tempore Dyvik inquired where things stood with the annual hanging flower baskets for downtown. Weske reported he believes everything is set to move forward, but he does not know when the baskets will actually be on site for hanging.

ADJOURN

Hearing no objection, Mayor Pro-Tempore Dyvik adjourned the meeting by general consent at 7:42 pm.

Respectfully submitted,

Scott Weske
City Administrator